FILE COPY

No. ----498

Office-Supreme Court, U.S.
FILED
NOV 6 1958
JAMES R. BROWNING, Clerk

IN THE

# SUPREME COURT OF THE UNITED STATES

**OCTOBER TERM, 1958**

STEDMAN MANUFACTURING COMPANY,
*Petitioner,*

*v.*

FRANK R. REDMAN and REDMAN PROCESS AMERICAN CORPORATION,
*Respondents.*

## PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

JOHN VAUGHAN GRONER,
*Attorney for Petitioner*
20 Exchange Place
New York 5, New York

*Of Counsel*
W. BROWN MORTON, JR.
247 Park Avenue
New York 17, N. Y.

WELCH JORDAN
Jefferson Standard Building
Greensboro, North Carolina

MARVIN E. FRANKEL
300 Park Avenue
New York 22, New York

# INDEX


| | PAGE |
|---|---|
| OPINIONS BELOW | 1 |
| JURISDICTION | 2 |
| QUESTIONS PRESENTED | 2 |
| STATEMENT | 2 |
| REASONS FOR GRANTING THE WRIT | 7 |
| 1. The judgment below erroneously enjoins a non-party | 7 |
| 2. The decision below departs from the established standard of invention in holding patentable the improvement of a long sought result by old means | 9 |
| CONCLUSION | 12 |


## CITATIONS


| | |
|---|---|
| *A. & P. Tea Co.* v. *Supermarket Corp.*, 340 U. S. 147 (1950) | 10, 11 |
| *Alemite Mfg. Corp.* v. *Staff*, 42 F. 2d 832 (2nd Cir., 1930) | 8 |
| *Cuno Corp.* v. *Automatic Devices Corp.*, 314 U. S. 84 (1941) | 10 |
| *Eibel Co.* v. *Paper Co.*, 261 U. S. 45 | 6-7, 9, 10, 11 |
| *S. S. Kresge Co.* v. *Winget Kickernick Co.*, 96 F. 2d 978 (1938), cert. den., 308 U. S. 557 (1939) | 8 |
| *Merriam* v. *Saalfield*, 241 U. S. 22 (1916) | 3, 7-8 |
| *Minneapolis-Honeywell Regulator Co.* v. *Thermoco, Inc.*, 116 F. 2d 845 (2nd Cir., 1941) | 9 |
| *Sinclair Co.* v. *Interchemical Corp.*, 325 U. S. 327 (1945) | 10 |

IN THE

# Supreme Court of the United States

## OCTOBER TERM, 1958

No. ----

STEDMAN MANUFACTURING COMPANY,
*Petitioner,*

*v.*

FRANK R. REDMAN and REDMAN PROCESS AMERICAN CORPORATION,
*Respondents.*

## PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

Stedman Manufacturing Company, the defendant-appellant below, prays that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Fourth Circuit entered in the above-entitled case on July 17, 1958.

### Opinions Below

The opinion of the Court of Appeals (Appendix, *infra*, A15-A28*) is reported at 257 F. 2d 867. The opinion of the District Court for the Middle District of North Carolina, Greensboro Division (App. A1-A11), is reported at 154 F. Supp. 378.

* The Appendix, printed herewith, is hereafter referred to as "App." Stedman's Appendix below, Vols. I, II and III have been designated here as Vols. I, II and III; Redman's Appendix Vols. I, II and III as Vols. IV, V and VI. Certain supplemental appendices and the proceedings in the Court of Appeals have been designated Vol. VII. References will be to the volume number and the page. "Tr." refers to the typewritten transcript of the hearing before the District Court.

Italics and brackets within quotes are ours unless the contrary is indicated.

## Jurisdiction

The judgment of the Court of Appeals was entered on July 17, 1958 (App. A29). A timely petition for rehearing, filed on August 16, 1958, was denied on September 17, 1958 (App. A30). The jurisdiction of this Court is invoked under 28 U. S. C. § 1254(1).

## Questions Presented

1. Whether one who is not a party to an action—*i.e.*, who neither is served with process nor intervenes—may be enjoined, directly and independently of the named defendant, on the ground that he controls the defense.

2. Whether the Court of Appeals misconstrued the governing decisions of this Court in holding patentable an old combination of old elements and steps merely because the claimant's apparatus and method improved, in degree, the old result.

## Statement

1. Respondents, Frank R. Redman, the inventor, and his licensee, Redman Process American Corporation, brought this action on April 17, 1954, asserting infringement of Redman patents No. 2,597,528 (Claims 1-7) and 2,597,530 (Claims 1-3 and 5-13). (The patent numbers are hereinafter shortened, respectively, to '528 and '530).

The accused machines were leased to petitioner (defendant below) by Tubular Textile Machinery Corporation (hereinafter "Tubular") and Tubular openly assumed control of the defense (Vol. I, 5).

However, Tubular was never served with process and never became a party to the action. Nevertheless, the judgment of the District Court, affirmed by the Court of Appeals,

expressly assumes to enjoin Tubular, its directors, officers and agents "from using, or causing to be used, or actively inducing, or aiding and abetting others to use, a Tube-Tex Tensionless Calender in the manner heretofore used by defendant . . . and from in any other manner infringing" the claims in suit (App. A12-A14). This important aspect of the judgment, conflicting with the rule applied in similar situations by the Eighth and Second Circuits under this Court's decision in *Merriam* v. *Saalfield*, 241 U. S. 22 (1916) (*infra*, pp. 7-8), gives rise to the first question (*supra*, p. 2) presented by this petition.

2. All of the machines here involved—those of respondents' patents, those of the prior art, and the accused machines—undertook to cope with the long-existing shrinkage problem of tubular knitted fabrics—used for undergarments, athletic shirts and similar products—which results from the fact that those fabrics are stretched lengthwise while being processed. Tubular fabrics are knitted in long lengths with stitches which, generally speaking, are round. However, during processing—bleaching, dyeing, washing, etc.—the pulling of the fabric results in lengthwise elongation and corresponding widthwise narrowing. Unless this tendency is counteracted, the finished garment, after laundering, will tend to return to its original shape —*i. e.*, will shrink in length and expand in width (Vol. I, 64, c. 1, l. 33 through c. 2, l. 33).

Tubular, the lessor of the accused machine, had specialized for about twenty-five years in producing machinery for tubular knitted fabrics and had produced a series of machines designed, among other things, to restore the fabric tube to its original condition, and thus to reduce shrinkage in the finished garment (Vol. III, 639-650).

Over the years these Tubular machines, from the first, in the early nineteen thirties, to and including the accused machines, have represented a continuing development, but all of them have disclosed the same basic parts, operating in the same sequence and in the same basic way to accomplish the same end.

These parts are:

(a) a spreader, over which the fabric tube is continuously drawn and expanded widthwise, Vol. VII, 9, c. 2, l. 21 through p. 10, c. 1, l. 30; Vol. II, 396, p. 2, c. 2, ll. 46-60; p. 3, c. 2, ll. 11-68; Vol. I, 214, c. 5, ll. 3-47.

(b) feed rolls, which draw the tube to and over the spreader, Vol. VII, 9, c. 2, ll. 28-40; Vol. II, 396, p. 2, c. 2, ll. 61-63; Vol. I, 214, c. 5, ll. 34-44.

(c) take-off rolls beyond the spreader, which draw the tube from the spreader, Vol. VII, 10, c. 1, ll. 9-16; Vol. II, 396, p. 2, c. 2, ll. 46-51; Vol. I, 214, c. 5, ll. 72-74.

(d) change speed means, which operate the feed rolls at a greater speed than the take-off rolls, thus allowing the fabric tube to be advanced over and beyond the spreader with a minimum of longitudinal tension, Vol. VII, 7, c. 1, ll. 10-18, p. 11, c. 1, l. 62 through c. 2, l. 18; Vol. II, 396, p. 3, c. 1, ll. 20-27; p. 4, c. 1, l. 70 through c. 2, l. 12; Vol. I, 214, c. 5, l. 74 through c. 6, l. 4.

(e) steaming means, which, by heating the fabric tube, make it more plastic and workable, Vol. VII, 8, c. 2, l. 45 through p. 9, c. 1, l. 30; Vol. II, 396, p. 4, c. 1, ll. 37-43; Vol. I, 214, c. 5, ll. 48-64.

Against this background, the Redman '528 and '530 patents likewise dislosed

(a) a spreader (Vol. I, 64, c. 5, l. 24, through c. 6, l. 1),

(b) feed rolls (Vol. I, 64, c. 4, ll. 42-48),

(c) take-off rolls (Vol. I, 64, c. 4, ll. 42-48),

(d) change speed means (Vol. I, 64, c. 6, ll. 31-37), and

(e) steaming means (this element is not shown in the '528 patent and was first disclosed in the May 1, 1950 application on which the '530 patent issued: Vol. I, 66, c. 7, ll. 63-69).

Each of these five elements acted and interacted precisely as had the patentably identical elements of both

the earlier Tubular machines and the accused machines. The only difference lay in the fact that respondents' patents emphasized the practice of extreme widthwise spreading on respondents' spreader element (a) (Vol. I, 64, c. 3, ll. 26-42, 58-73; c. 6, ll. 6-13, 26-30; c. 7, ll. 4-7, 26-36). And in the District Court this wide-spreading characteristic was pressed by respondents, who repeatedly acknowledged that the accused machines, unless operated to spread the fabric wide, would *not* infringe (Vol. III, pp. 623-625, 861-862); and that the Tubular patents, under which the accused machines were made (Cohn patents Nos. 2,589,344 and '345; Vol. I, 214, 212), did *not* conflict with the '528 and '530 patents in suit, because "there is no wide-spreading disclosures in those [Tubular] patents" (Tr. p. 1522; see also pp. 1522-1523, 1531-1535).

This *extreme* wide-spreading, while broadly suggested by Tubular's prior art '001 patent (Vol. II, 396, p. 1, c. 1, ll. 33-37; p. 2, c. 1, ll. 3-7), was not specifically taught by that patent, or by Tubular's prior art '644 patent (Vol. VII, 2), or by the Tubular patents disclosing and covering the accused machine (Vol. I, 212, 214).

The District Court rejected petitioner's defense that the patents in suit were invalid because anticipated by the prior art, saying that "Little need be said on the defense of invalidity" (App., A1). The reason the Court so treated the "defense of invalidity" was that it believed that Redman had achieved a result* sought by all, but not found in the prior art (App., A3, A5-A6).

---

* While the prior art Tubular machines, the machines of the Redman patents, and the accused Tubular machine reduced shrinkage in varying degree, none achieved the "result" which the District Court attributed to Redman, that is, none solved the shrinkage problem completely and there is no complete solution to this day (Vol. III, 739-741, 854, 930, 935, 944). In fact, though the '528 patent talked of reducing shrinkage to "less than 2%" (Vol. I, 64, c. 2, l. 52 through c. 3, l. 2), respondents' counsel admitted that garments treated according to the '528 and '530 patents still shrink around 10% (Tr., 1514-1515).

The same consideration controlled the decision of the t of Appeals. While its opinion shows there was sub- ial identity between the prior art Tubular machines he machines of the patents in suit (App., A18-A21), the Redman patents valid because it thought they hieved a greater degree of success in meeting the kage problem—that is, that they had achieved a result h had not been achieved by the prior art (App., A21. -A25).

Concentrating on the asserted improvement in result, Court of Appeals dismissed as insignificant (App., pp. A28) the technique of wide-spreading which had been d by respondents in the District Court as the central ient of infringement (*supra*, p. 5). Instead, the opinion ppeal signalled out what it called the "critical element" fabric-handling means permitting the fabric to relax" p., A18). Of the operation of this element, the Court her said:

> "This compression or relaxation of the fabric longitudinally while the fabric is spread laterally to the desired width in the finishing operations does not entirely eliminate the shrinkage of the laundered garments, but it reduces the shrinkage so markedly that it is accepted by the trade as a practical improvement of great value. It may seem to involve so small an advance over the control of longitudinal tension previously employed as to have been obvious to the industry, but actually it was only after a long period of experimentation that it was hit upon and then widely approved. Therein lies its patentability. A similar seemingly small step in the papermaking industry was recognized as invention in *Eibel Co.* v. *Paper Co.*, 261 U. S. 45" (*id.*, p. A26).

s is evident from this statement of the Court of Ap- s, its conclusion was bottomed upon a "small * * * ad- e" in a technique "previously employed"—"the con- of longitudinal tension"—because it reduced shrink- more markedly and was "accepted by the trade as a

practical improvement of great value." On this basis, citing the *Eibel* case, *supra*, as its sole authority, the Court of Appeals agreed with the District Court that respondents' patents were valid.

## Reasons for Granting the Writ

Contrary to the governing principles established by this Court and followed by the Court of Appeals in other circuits, the court below has sustained an injunction against Tubular, which was never a party to the action, on the ground that Tubular controlled the defense. In addition, both misconceiving the decision in the *Eibel* case, *supra*, and ignoring later decisions of this Court, the Court of Appeals sustained the '528 and '530 patents solely because of an improved *result* achieved by the same means and the same method as had long been known to the art. The Court of Appeals thus permitted respondents to monopolize the prior art and stand athwart of the continuing improvements for which the industry has consistently worked.

Both of these holdings, we submit, merit consideration by this Court. Together, they make this a clearly appropriate case for resolving conflicts in the patent field which have arisen between the circuits and for correcting the increasing "liberality" with which patents have latterly been sustained despite the contrary thrust of this Court's teachings on the subject.

### 1. The judgment below erroneously enjoins a non-party.

On this point the decision below is contrary to *Merriam v. Saalfield*, 241 U. S. 22 (1916), and conflicts with decisions in the Eighth and Second Circuits.

As we have noted (*supra*, pp. 2-3), Tubular openly controlled the defense of this action, and continues to do so, but it was never served and never intervened. In *Merriam*

v. *Saalfield, supra*, this Court formulated the governing rule. There, Merriam sued Saalfield for unfair competition, and this Court accepted as a fact that Ogilvie had controlled the defense so as to be estopped by the judgment (241 U. S. 29). Nevertheless, this Court rejected the attempt, in supplemental proceedings, to bind Ogilvie *as a party*, saying:

> "It seems to be thought that because Ogilvie was identified in interest with the defendant in the original suit and had and exercised the right to make defense and control the proceedings and appeal from the decree, he may be treated for all purposes as an actual party to the record. But this by no means follows. The doctrine of *res judicata* furnishes a rule for the decision of a subsequent case between the same parties or their privies respecting the same cause of action. Obviously, the rule for decision applies only when the subsequent action has been brought" (241 U. S. 29).

Following the *Merriam* case, and squarely in conflict with the decision below, the decision of the Eighth Circuit in *S. S. Kresge Co.* v. *Winget Kickernick Co.*, 96 F. 2d 978 (1938), cert. den., 308 U. S. 557 (1939), held that a judgment against the infringer could not be extended to a non-party manufacturer which had assumed the defense. The court assumed that the non-party's role in the defense "was such as to make any determination against the defendant . . . binding upon it" (96 F. 2d 989). However, it went on to hold:

> "Even so the force thereof does not go beyond creating an estoppel in subsequent litigation between it and plaintiff concerning the same matters. This is merely to say that in some *subsequent* action the prior adjudication may be set up in estoppel as res judicata. It does not make [the manufacturer] a party to the prior suit" (96 F. 2d 989; italics in original).

To the same effect, and similarly in conflict with the decision below are *Alemite Mfg. Corp.* v. *Staff*, 42 F. 2d 832 (2d

Cir., 1930) and *Minneapolis-Honeywell Regulator Co.* v. *Thermoco, Inc.*, 116 F. 2d 845 (2d Cir., 1941).

We submit that the clear conflict of decisions, created by the departure of the court below from the governing rule established by this Court, calls for resolution on certiorari.

**2. The decision below departs from the established standard of invention in holding patentable the improvement of a long sought result by old means.**

The decision below will be searched in vain for anything new in respondents' machine or method. Dismissing the single trivia of wide spreading, upon which respondents had fastened in the District Court but which they understandably abandoned on appeal (*supra*, p. 6), the Court of Appeals found the "novelty" of respondents' claimed invention in its teaching of "simultaneously feeding the tubular fabric lengthwise with sufficient lengthwise freedom to permit such widthwise expansion of the fabric without subjecting it to any appreciable lengthwise tension" (App., A28). However, the Court of Appeals acknowledged elsewhere in its opinion that simultaneous widthwise expansion and lengthwise relaxation had long been taught by Tubular's prior art machines (*id.*, pp. A18-A21), and the record is replete with the evidence compelling this acknowledgment. The crucial point here is that there is no suggestion in the opinion of anything respondents built or taught which the opinion itself does not show to have been old in the art.

Thus, it becomes evident that the sole basis for the decision below is found in the fact that the Court thought that respondents had succeeded in improving, without achieving, the result of shrinkage elimination. And on this reed, observing that the improvement "may seem to involve so small an advance over the control of longitudinal tension previously employed as to have been obvious to the industry", the Court of Appeals found invention by analogy to the "similar seemingly small step in the papermaking industry * * * recognized as invention in *Eibel Co.* v. *Paper Co.*, 261 U. S. 45" (App., A26).

But, apart from the fact that the *Eibel* case, decided in 1923, surely went to the outer limits in the lenity of the standard of invention employed, it is clear that the lower court misconceived its rule, went far beyond it, and applied a standard of invention which cannot subsist with decisions like *Cuno Corp.* v. *Automatic Devices Corp.*, 314 U. S. 84 (1941); *Sinclair Co.* v. *Interchemical Corp.*, 325 U. S. 327 (1945); and *A. & P. Tea Co.* v. *Supermarket Corp.*, 340 U. S. 147 (1950).

The invention upheld in the *Eibel* case was a specific, identifiable physical change, which, while small, was made for a *novel* purpose previously not understood in the art. Pinpointing this vital factor, this Court noted that the innovation there was for "a different purpose" (261 U. S. p. 58) and was "directed toward a wholly different object from that of the prior art" (*id.*, p. 67). And, the Court went on:

> "The invention was not the mere use of a high or substantial pitch to remedy a known source of trouble. It was the discovery of the source not before known and the application of the remedy for which Eibel was entitled to be rewarded in his patent. Had the trouble which Eibel sought to remedy been the well known difficulty of too great wetness or dryness of the web at the Dandy roll and had he found that a higher rather than a low pitch would do that work better, a patent for this improvement might well have been attacked on the ground that he was seeking monopoly for a mere matter of degree. But this is not this case" (*id.*, p. 68).

But that *is* the case here. Here, the Court of Appeals said repeatedly that widthwise expansion with the avoidance of longitudinal tension marked respondents' advance (App., A17-A18, A26, A28). Yet, as has been shown, the opinion recognized that the prior art had employed precisely the same technique for precisely the same purpose (*id.*, A19-A21; Vol. VII, 7, c. 1, ll. 10-16; c. 2, ll. 29-34; Vol. II, 396, p. 2, c. 1, ll. 65-70; p. 4, c. 1, l. 74 through c. 2, l. 12; Vol. II,

insert opposite p. 572). And there is no suggestion here of any specific physical change made by the patents in suit and certainly no suggestion of any novel purpose which those patents had which might make this case comparable to the *Eibel* case.

In short, within the rule of *Eibel* alone, it is clear that respondents have been awarded mistakenly a "monopoly for a mere matter of degree" (261 U. S. at 68).

What is still clearer is that the decision below, in misapprehending the *Eibel* case, has adopted a standard of invention so low as to make patentable every trivial gadget and so low as to be irreconcilable with the standard of invention laid down in cases like *A. & P. Tea Co.* v. *Supermarket Corp.*, 340 U. S. 147 (1950). There, this Court stated the applicable law as follows:

> "Courts should scrutinize combination patent claims with a care proportioned to the difficulty and improbability of finding invention in an assembly of old elements. The function of a patent is to add to the sum of useful knowledge. Patents cannot be sustained when, on the contrary, their effect is to subtract from former resources freely available to skilled artisans. A patent for a combination which only unites old elements with no change in their respective functions, such as is presented here, obviously withdraws what already is known into the field of its monopoly and diminishes the resources available to skillful men. This patentee has added nothing to the total stock of knowledge, but has merely brought together segments of prior art and claims them in congregation as a monopoly" (*id.*, pp. 152-153).

Those conclusions apply here *a fortiori*. Here, the "congregation" as well as the "segments" were familiar in the prior art. Because respondents may have achieved better results is no more ground for granting them a monopoly on old means operating in the old way than a victory in an automobile race is ground for the winner's monopoly of automobiles.

## Conclusion

The decision below is contrary to controlling decisions of this Court and conflicts with rulings by other Courts of Appeals. This petition should be granted.

Respectfully submitted,

JOHN VAUGHAN GRONER
*Attorney for Petitioner*
20 Exchange Place
New York 5, New York

*Of Counsel*

W. BROWN MORTON, JR.
247 Park Avenue
New York 17, N. Y.

WELCH JORDAN
Jefferson Standard Building
Greensboro, North Carolina

MARVIN E. FRANKEL
300 Park Avenue
New York 22, New York

November, 1958